

**WARD 9 RECREATION DISTRICT  
RAPIDES PARISH, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

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June 18, 2007

### Independent Auditors' Report

To the Board of Commissioners  
Ward 9 Recreation District  
Rapides Parish, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Ward 9 Recreation District, Rapides Parish, Louisiana, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Ward 9 Recreation District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ward 9 Recreation District, as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accepted accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2007, on our consideration of the Recreation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Management's Discussion And Analysis**

#### **December 31, 2006**

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This section of the Ward 9 Recreation District's annual financial report presents our discussion and analysis of the District's financial performance. The District began operating on or around August 1, 2001. Operations to date have consisted primarily of organizational activities, which are described as follows:

- Securing property taxes to support operations and maintenance, and to service debt necessary to finance the construction of recreation facilities. The necessary property taxes were approved by the voters of the District on November 11, 2001.
- Securing financing necessary to finance the construction of recreation facilities. This was accomplished by collecting \$6,300,000 from the issuance of general obligation bonds that were dated April 1, 2002 and an additional \$700,000 from the issuance of general obligation bonds dated August 1, 2004.
- Negotiating with property owners to obtain access to property that will be utilized for recreational facilities.
- Designing and completing plans for the construction of the District's facilities.
- Completing the initial phase of construction, which consisted of earthwork and related activities necessary to prepare the site for completion of recreational facilities.
- Issuing contracts and substantially completing the final phase of construction.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the District's financial position and results of operations from differing perspectives, which are described as follows:

#### **Government-Wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the District's assets and all of the District's liabilities (including long-term debt). Expenses incurred in connection with the operation and maintenance of the District's recreational facilities are reported as governmental activities. The governmental activities are financed by taxes, proceeds from debt and investment income.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District's funds are all classified as governmental funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the District's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

A comparative analysis of government-wide data for the current and previous year is presented as follows:

#### **Net Assets**

A condensed version of the government-wide Statement of Net Assets is presented as follows:

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Management's Discussion And Analysis**

#### **December 31, 2006**

|                                 | December 31, |              |
|---------------------------------|--------------|--------------|
|                                 | 2006         | 2005         |
| <b><u>Assets:</u></b>           |              |              |
| Current and Other Assets        | \$ 1,315,367 | \$ 1,111,111 |
| Capital Assets                  | 7,597,657    | 7,678,585    |
| Total Assets                    | 8,913,024    | 8,789,696    |
| <b><u>Liabilities:</u></b>      |              |              |
| Current and Other Liabilities   | 376,688      | 366,653      |
| Long-term Liabilities           | 5,955,000    | 6,200,000    |
| Total Liabilities               | 6,331,688    | 6,566,653    |
| <b><u>Net Assets:</u></b>       |              |              |
| Invested in Capital Assets, Net | 1,397,657    | 1,268,585    |
| Restricted                      | 784,118      | 670,839      |
| Unrestricted                    | 399,561      | 283,619      |
| Total Net Assets                | \$ 2,581,336 | \$ 2,223,043 |

As presented above, the largest portion of net assets (54.1%) invested in capital assets, net of related debt. In addition, a portion of the District's net assets (30.4%) are restricted for debt service and investment in capital assets. The remaining net assets (15.5%) are unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.

#### **Changes in Net Assets**

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

|                                    | For the Year Ended<br>December 31, |         |
|------------------------------------|------------------------------------|---------|
|                                    | 2006                               | 2005    |
| <b><u>Program Revenues:</u></b>    |                                    |         |
| Charges for Services               | \$ 24,235                          | \$ —    |
| Operating Grants and Contributions | —                                  | 4,400   |
| Capital Grants and Contributions   | 150,000                            | —       |
| Total Program Revenue              | 174,235                            | 4,400   |
| <b><u>General Revenues:</u></b>    |                                    |         |
| Property Taxes                     | 945,878                            | 924,487 |
| Investment Income                  | 17,521                             | 20,247  |
| Other                              | —                                  | 3,134   |
| Total General Revenues             | 963,399                            | 947,868 |
| Total Revenues                     | 1,137,634                          | 952,268 |

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Management's Discussion And Analysis** **December 31, 2006**

|                            | For the Year Ended<br>December 31, |                     |
|----------------------------|------------------------------------|---------------------|
|                            | 2006                               | 2005                |
| <b><u>Expenses:</u></b>    |                                    |                     |
| Culture and Recreation     | 466,982                            | 172,173             |
| Interest on Long-Term Debt | 312,359                            | 333,973             |
| Total Expenses             | <u>779,341</u>                     | <u>506,146</u>      |
| Change in Net Assets       | 358,293                            | 446,122             |
| Net Assets Beginning       | <u>2,223,043</u>                   | <u>1,776,921</u>    |
| Net Assets Ending          | <u>\$ 2,581,336</u>                | <u>\$ 2,223,043</u> |

As presented above, the District's net assets have increased. The increase is attributable to the availability of grant funds and establishing sufficient debt service milages to establish a reserve for debt service. In addition, the District has also earned income from the temporary investment of bond proceeds that will be used to

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

For the year ended December 31, 2006, the only differences between amounts reported by the District's funds and activities reported in the government-wide financial statements are attributable to excluding capital assets and long-term debt that appear the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The general fund is the only fund required by law to adopt a budget. A summary of the general fund budget compared to actual amounts is presented as follows:

|  | Budget Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------|------------|-------------------|---|
|  | Original       | Final      |                   |   |
| Total Revenues                                       | \$ 250,000     | \$ 415,000 | \$ 445,886        | \$ 30,886   |
| Total Expenditures                                   | 250,000        | 400,000    | 352,376           | 47,624  |
| Excess (deficiency) of revenues<br>over expenditures | ---            | 15,000     | 93,510            | 78,510  |
| Operating Transfers Out                              | ---            | ---        | 22,432            | 22,432  |
| Change in Net Assets                                 | \$ ---         | \$ 15,000  | \$ 115,942        | \$ 100,942  |

Revisions were made to provide appropriations for the expenditure of grant funds that were not anticipated when original budget was adopted. Variance were within the limits permitted by state law.

### **CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended December 31, 2006 included completing the final phase of construction. In addition, equipment necessary to operate and maintain the site has also been acquired. Expenditures are summarized as follows:

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Management's Discussion And Analysis**

#### **December 31, 2006**

|                                       |            |
|---------------------------------------|------------|
| Equipment Purchases                   | \$ 56,662  |
| Completion of Construction – Phase II | 33,678     |
| Construction of Bleacher Covers       | 35,280     |
| Miscellaneous                         | 5,880      |
|                                       | <hr/>      |
| Total Capital Expenditures            | \$ 131,500 |

### **DEBT ADMINISTRATION**

For the year ended December 31, 2006, no new debt was incurred. Activity associated the District's existing debt is presented as follows:

|                   | <b>General<br/>Obligation<br/>Bonds Series<br/>2005</b> | <b>General<br/>Obligation<br/>Bonds Series<br/>2002</b> |
|-------------------|---|---|
| Beginning Balance | \$ 700,000  | \$ 5,710,000  |
| Debt Proceeds     | —   | —   |
| Retirements       | —   | 210,000   |
|                   | <hr/>   | <hr/>   |
| Ending Balance    | \$ 700,000  | \$ 5,500,000  |

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

Construction activities have been completed and turf has been established. Due to the completion of these activities, the District has been able to commence full scale recreation operations.

Another matter that is expected to have an impact on future operations involves a tax protest by one of the District's major taxpayers. The taxpayer has filed suit seeking the removal of its property from the boundaries of the District. Management will attempt to resolve the litigation as soon as possible in order to clarify the following issues:

- It will be necessary to resolve the litigation in order to determine how much tax revenue will be available to support operations and maintenance.
- Resolving litigation will be necessary in order to determine future millages necessary to service long-term debt.

Taxes a that are subject to protest in connection with the lawsuit are summarized as follows:

|  | <b>Operations and<br/>Maintenance</b> | <b>Debt Service</b> |
|--|---------------------------------------|---------------------|
| Amount Protested in Previous Years     | \$ 250,455                            | \$ 678,813          |
| Amount Protested from the Current Levi | 74,125                                | 187,152             |
|  | <hr/>                                 | <hr/>               |
| Total Paid Under Protest               | \$ 324,580                            | \$ 865,965          |

***Ward 9 Recreation District***  
***Rapides Parish, Louisiana***

***Statement of Net Assets***  
***December 31, 2006***

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b><u>ASSETS</u></b>                            |                                    |
| Cash and Cash Equivalents                       | \$ 167,877                         |
| Receivables (net)                               | 256,030                            |
| Restricted Assets:                              |                                    |
| Cash and Cash Equivalents                       | 245,024                            |
| Receivables (net)                               | 646,436                            |
| Capital Assets - Land Improvements              | 2,583,352                          |
| Capital Assets - Depreciable                    | <u>5,014,305</u>                   |
| <br>Total Assets                                | <br><u>8,913,024</u>               |
| <br><b><u>LIABILITIES</u></b>                   |                                    |
| Accounts Payable                                | 17,710                             |
| Liabilities Payable From Restricted Assets      |                                    |
| Accrued Interest Payable from Restricted Assets | 113,978                            |
| Long-term Debt Payable from Restricted Assets:  |                                    |
| Due Within One Year                             | 245,000                            |
| Due in More than One Year                       | <u>5,955,000</u>                   |
| <br>Total Liabilities                           | <br><u>6,331,688</u>               |
| <br><b><u>NET ASSETS</u></b>                    |                                    |
| Invested in Capital Assets, Net of Related Debt | 1,397,657                          |
| Restricted for:                                 |                                    |
| Debt Service                                    | 784,118                            |
| Unrestricted                                    | <u>399,561</u>                     |
| <br>Total Net Assets (deficit)                  | <br><u>\$ 2,581,336</u>            |

The accompanying notes are an integral part of the financial statements.



***Ward 9 Recreation District***  
***Rapides Parish, Louisiana***

***Statement of Activities***  
***For the Year Ended December 31, 2006***

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|                                    | <u>Governmental<br/>Activities</u> |
|------------------------------------|------------------------------------|
| Expenses:                          |                                    |
| Culture and Recreation             | \$ 466,982                         |
| Interest on Long-Term Debt         | <u>312,359</u>                     |
| Total Expenses                     | 779,341                            |
| Program Revenues:                  |                                    |
| Charges for Services               | 24,235                             |
| Operating Grants and Contributions | -                                  |
| Capital Grants and Contributions   | <u>150,000</u>                     |
| Net Expenses                       | <u>605,106</u>                     |
| General Revenues:                  |                                    |
| Property Taxes                     | 945,878                            |
| Investment Income                  | <u>17,521</u>                      |
| Total General Revenues             | <u>963,399</u>                     |
| Change in Net Assets               | 358,293                            |
| Net Assets - Beginning             | <u>2,223,043</u>                   |
| Net Assets - Ending                | <u>\$ 2,581,336</u>                |

The accompanying notes are an integral part of the financial statements.

**Ward 9 Recreation District****Rapides Parish, Louisiana****Balance Sheet - Governmental Funds****December 31, 2006**

|   | General           | Capital<br>Project | Debt<br>Service   | Total<br>Governmental<br>Funds |
|---|-------------------|--------------------|-------------------|--------------------------------|
| <b>Assets</b>                             |                   |                    |                   |                                |
| Cash and Cash Equivalents                 | \$ 167,877        | \$ -               | \$ 245,024        | \$ 412,901                     |
| Receivables                               | 256,030           | -                  | 646,436           | 902,466                        |
| Due From Other Funds                      | -                 | -                  | 6,636             | 6,636                          |
| <b>Total assets</b>                       | <b>\$ 423,907</b> | <b>\$ -</b>        | <b>\$ 898,096</b> | <b>\$ 1,322,003</b>            |
| <b>Liabilities and Fund Balance</b>       |                   |                    |                   |                                |
| <b>Liabilities</b>                        |                   |                    |                   |                                |
| Accounts Payable                          | \$ 17,710         | \$ -               | \$ -              | \$ 17,710                      |
| Accrued Interest Payable                  | -                 | -                  | 113,978           | 113,978                        |
| Due to Other Funds                        | 6,636             | -                  | -                 | 6,636                          |
| <b>Total liabilities</b>                  | <b>24,346</b>     | <b>-</b>           | <b>113,978</b>    | <b>138,324</b>                 |
| <b>Fund Balance</b>                       |                   |                    |                   |                                |
| Unreserved                                | 399,561           | -                  | 784,118           | 1,183,679                      |
| <b>Total Fund Balances</b>                | <b>399,561</b>    | <b>-</b>           | <b>784,118</b>    | <b>1,183,679</b>               |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 423,907</b> | <b>\$ -</b>        | <b>\$ 898,096</b> | <b>\$ 1,322,003</b>            |

**Reconciliation of the Governmental Funds  
Balance Sheets to the Statement of Net Assets**

|  |                     |
|--|---------------------|
| Total Fund Balances - Governmental Funds   | \$ 1,183,679        |
| Amounts reported for governmental activities in the statement of net assets are different because:   |                     |
| Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet | (6,200,000)         |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.                        | 7,597,657           |
| Net Assets of Governmental Activities  | <u>\$ 2,581,336</u> |

The accompanying notes are an integral part of the financial statements.

**Ward 9 Recreation District****Rapides Parish, Louisiana****Statement of Revenue, Expenditures and Changes in****Fund Balance - Governmental Funds****For the Year Ended December 31, 2006**

|  | General           | Capital<br>Project | Debt<br>Service   | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|-------------------|--------------------------------|
| <b><u>Revenues:</u></b>                                      |                   |                    |                   |                                |
| Property Taxes   | \$ 268,356        | \$ -               | \$ 677,522        | \$ 945,878                     |
| Grants - State of Louisiana                                  | 150,000           | -                  | -                 | 150,000                        |
| Investment Income  | 5,907             | 19                 | 11,595            | 17,521                         |
| Other  | 21,623            | 2,612              | -                 | 24,235                         |
| <b>Total revenues</b>  | <b>445,886</b>    | <b>2,631</b>       | <b>689,117</b>    | <b>1,137,634</b>               |
| <b><u>Expenditures:</u></b>                                  |                   |                    |                   |                                |
| Culture and Recreation                                       | 254,554           | -                  | -                 | 254,554                        |
| Capital Expenditures   | 97,822            | 33,678             | -                 | 131,500                        |
| Debt Service   |                   |                    |                   |                                |
| Interest   | -                 | -                  | 312,359           | 312,359                        |
| Principal  | -                 | -                  | 210,000           | 210,000                        |
| <b>Total expenditures</b>                                    | <b>352,376</b>    | <b>33,678</b>      | <b>522,359</b>    | <b>908,413</b>                 |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>93,510</b>     | <b>(31,047)</b>    | <b>166,758</b>    | <b>229,221</b>                 |
| <b><u>Other Financing Sources (Uses):</u></b>                |                   |                    |                   |                                |
| Operating Transfers In (Out)                                 | 22,432            | (22,432)           | -                 | -                              |
| <b>Net Change in Fund Balances</b>                           | <b>115,942</b>    | <b>(53,479)</b>    | <b>166,758</b>    | <b>229,221</b>                 |
| <b>Fund balance - Beginning of Year</b>                      | <b>283,619</b>    | <b>53,479</b>      | <b>617,360</b>    | <b>954,458</b>                 |
| <b>Fund balance - End of Year</b>                            | <b>\$ 399,561</b> | <b>\$ -</b>        | <b>\$ 784,118</b> | <b>\$ 1,183,679</b>            |

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

|  |                   |
|--|-------------------|
| Net change in fund balances of Governmental Funds  | \$ 229,221        |
| Amounts reported for governmental activities in the statement of<br>activities are different because:  |                   |
| Repayment of bond principal is an expenditure in the governmental<br>funds, but the repayment reduces long-term liabilities in the<br>statement of net assets  | 210,000           |
| Governmental funds report capital outlays as expenditures. However,<br>in the statement of activities the cost of those assets is allocated<br>over estimated useful lives and reported as depreciation expense.<br>This is the amount by which depreciation exceeded capital outlays<br>in the current period | (80,928)          |
| <b>Change in net assets of governmental activities</b>   | <b>\$ 358,293</b> |

The accompanying notes are an integral part of the financial statements.

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ward 9 Recreation District (the District) was established by the Rapides Parish Police Jury for the purpose of acquiring, operating and maintaining recreation facilities. The District is governed by a Board of Commissioners appointed by the Rapides Parish Police Jury.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the reporting entity to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District is a component unit of the Rapides Parish Police Jury. The accompanying component unit financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

#### **Basic Financial Statements**

The District's operations are classified as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues. The basic financial statements include both government-wide and fund financial statements. The government-wide and fund financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

#### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The effect of interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, fees, contributions associated with a particular function and most grants.

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

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#### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District's major funds are described as follows:

- General Fund – The general fund is the primary operating fund and is used to account for all governmental activities that are not required to be presented elsewhere.
- Capital Project Fund – The capital project fund is used to account for construction activity that is financed from the proceeds of issuing general obligation bonds and interest earned on the temporary investment of bond proceeds.
- Debt Service Fund – Is used to account for the collection of special taxes that are assessed for the purpose of paying principal and interest on the District's general obligation bonds.

#### **Basis Of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

| <b><u>Financial Statement Presentation</u></b> | <b><u>Basis of Accounting</u></b> | <b><u>Measurement Focus</u></b> |
|--|-----------------------------------|---------------------------------|
| Government-Wide Financial Statements           | Accrual Basis                     | Economic Resources              |
| Fund Financial Statements                      | Modified Accrual Basis            | Current Financial Resources     |

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 90 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

#### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Budget Practices**

The District prepares an annual budget for the its general fund. This budget is submitted to the Board of Commissioners and an approved budget is adopted before the beginning of each year. If necessary, amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the District's remaining funds.

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

---

#### **Capital Assets**

Capital assets include significant acquisitions of facilities and equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciated is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. A useful life of seven years is typically used for equipment. At the present time, facilities remain under construction. Since the facilities have not been placed in service, no provision for depreciation of facilities has been recorded.

#### **Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

#### **Internal Balances:**

The District's funds occasionally use resources provided by another fund. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded. Internal balance are eliminated in preparing government-wide financial statements.

#### **NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 2006 are presented as follows:

|              |                   |
|--------------|-------------------|
| Unrestricted | \$ 167,877        |
| Restricted   | 245,024           |
| Total        | <u>\$ 412,901</u> |

At December 31, 2006, the collected bank balance was secured by FDIC coverage and securities pledged to the Rapides Parish Police Jury. Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds on demand.

#### **NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2006 consisted entirely of property taxes. Management considers the property taxes to be fully collectible and there is no allowance for uncollectible amounts.

#### **NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year is summarized as follows:

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>           | <u>Disposals</u>           | <u>Ending<br/>Balance</u>  |
|--|------------------------------|----------------------------|----------------------------|----------------------------|
| <b><u>Non Depreciable Capital Assets</u></b> |                              |                            |                            |                            |
| Improvements to Land                         | \$ —                         | \$ 2,583,352               | \$ —                       | \$ 2,583,352               |
| Construction in Process                      | 7,540,667                    | 33,679                     | 7,574,346                  | —                          |
| Non Depreciable Capital Assets               | <u>7,540,667</u>             | <u>2,617,031</u>           | <u>7,574,346</u>           | <u>2,583,352</u>           |
| <b><u>Depreciable Capital Assets</u></b>     |                              |                            |                            |                            |
| Equipment                                    | 154,430                      | 56,662                     | —                          | 211,092                    |
| Buildings and Improvements                   | —                            | 5,032,154                  | —                          | 5,032,154                  |
| Accumulated Depreciation                     | (16,512)                     | (212,429)                  | —                          | (228,941)                  |
| Depreciable Capital Assets (Net)             | <u>137,918</u>               | <u>4,876,387</u>           |                            | <u>5,014,305</u>           |
| <b>Total Capital Assets</b>                  | <b><u>\$ 7,678,585</u></b>   | <b><u>\$ 7,493,418</u></b> | <b><u>\$ 7,574,346</u></b> | <b><u>\$ 7,597,657</u></b> |

As part of the construction process improvements were needed to level the site and make it suitable for operations. These improvements are permanent in nature and therefore are not subject to depreciation. Depreciation on equipment and other improvements in the amount of \$212,429 has been reported as part of culture and recreation expenses.

#### **NOTE 5—ACCOUNTS PAYABLE**

Accounts payable at December 31, 2006 consist entirely of trade payables incurred in connection with the operation of the facility.

#### **NOTE 6 - LONG-TERM DEBT**

The following is a summary of transactions involving long-term debt for the year ended December 31, 2006:

|                                  |                     |
|----------------------------------|---------------------|
| Bonds payable, January 1, 2006   | \$ 6,410,000        |
| New issues                       | —                   |
| Retirements                      | <u>210,000</u>      |
| Bonds payable, December 31, 2006 | 6,200,000           |
| Due within one year              | <u>245,000</u>      |
| Due in more than one year        | <u>\$ 5,955,000</u> |

Long-term debt consist entirely of general obligation bonds that are described as follows:

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

General obligation bonds, Series 2002 in the original amount of \$6,300,000. The bonds feature interest rates ranging from 4.35% to 6.00%. The bonds mature serially with the initial payment due March 1, 2003 and the final payment due March 1, 2022. The bonds are secured by a special property tax that was approved by the citizens of the District.

\$ 5,500,000

General obligation bonds, Series 2004 in the original amount of \$700,000. The bonds feature interest rates ranging from 4.90% to 5.15%. The bonds mature serially with the initial payment due March 1, 2007 and the final payment due March 1, 2024. The bonds are secured by a special property tax that was approved by the citizens of the District.

700,000

Total General Obligation Bonds

\$ 6,200,000

A schedule of maturities for these bonds is presented as follows:

| <u>Year Ended December 31<sup>st</sup></u> | <u>Principal</u>    | <u>Interest</u>     |
|--|---------------------|---------------------|
| 2006                                       | \$ 245,000          | \$ 301,263          |
| 2007                                       | 260,000             | 287,501             |
| 2008                                       | 275,000             | 272,926             |
| 2009                                       | 290,000             | 257,538             |
| 2010                                       | 305,000             | 242,907             |
| 2011 – 2015                                | 1,795,000           | 982,382             |
| 2016 – 2020                                | 2,365,000           | 475,485             |
| 2020 – 2024                                | <u>665,000</u>      | <u>25,230</u>       |
| Total                                      | <u>\$ 6,200,000</u> | <u>\$ 2,845,232</u> |

#### **NOTE 7 – INTERFUND ACTIVITY**

Internal activity includes interfund receivables and payables as well as operating transfers. Details related to internal activity are presented as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u>  |
|------------------------|---------------------|---------------|---|
| General                | Debt Service        | \$ 6,636      | In order to provide funds to meet the District's debt service obligation, the General Fund has advanced funds to the Debt Service Fund. |



# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements** **December 31, 2005**

|  | <u>General<br/>Fund</u> | <u>Capital<br/>Projects</u> |
|--|-------------------------|-----------------------------|
| <b><u>Transfers In (Out)</u></b>   |                         |                             |
| In prior years, the General Fund provided additional funds to the capital projects fund for the construction of recreation facilities. At the conclusion of construction, remaining funds in the capital projects fund were transferred to the general fund representing a partial offset of the funds provided by the General Fund in previous years. | \$ 22,432               | \$ (22,432)                 |

### **NOTE 8 - PROPERTY TAXES**

The District levies property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended December 31, 2006, the District levied property taxes as follows:

| <u>Description</u>   | <u>Mills<br/>Levied</u> |
|--|-------------------------|
| Levied per proposition approved November 17, 2001 authorizing 6 mills for a period of 10 year beginning with 2002 for the purpose of acquiring, constructing, improving, maintaining and operating recreational facilities of the District, including necessary equipment in connection therewith. Proceeds from this tax are considered unrestricted income, which is reported as general fund revenue in the accompanying statement of revenue, expenditures and changes in fund balance. ....   | 6.04                    |
| Levied per proposition approved November 17, 2001, authorizing general obligation debt to run for a period of 20 years payable from a levy of property taxes, for the purpose of constructing, purchasing and acquiring, lands, buildings, equipment and other facilities to be used in providing recreational facilities for the District. Proceeds from this tax are restricted for debt service. Tax revenues are reported as debt service fund revenue in the accompanying statement of revenue expenditures and changes in fund balance. .... | <u>15.25</u>            |
|  | <u>21.29</u>            |

Property taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from property taxes are recognized as revenue in the year billed.

### **NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

# **Ward 9 Recreation District**

## **Rapides Parish, Louisiana**

### **Notes To Financial Statements**

#### **December 31, 2005**

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#### **NOTE 10 - RESTRICTED RESOURCES**

Propositions authorizing general obligation bonds require the District to establish bank accounts which serve as debt service sinking funds. Funds on deposit in these accounts may only be used to repay bonds, pay interest accrued on the bonds, or pay related fees.

#### **NOTE 11 - CONTINGENCIES**

A major taxpayer has protested property taxes assessed by the District. Amounts subject to protest have been excluded from income. Property taxes paid under protest taxes are presented as follows:

|                                  | <u>Operations and<br/>Maintenance</u> | <u>Debt Service</u> | <u>Total</u>        |
|----------------------------------|---------------------------------------|---------------------|---------------------|
| Taxes Paid Under Protest         | \$ 74,125                             | \$ 187,152          | \$ 261,277          |
| Taxes Protested in Previous Year | 250,455                               | 678,813             | 929,268             |
| Total Taxes Paid Under Protest   | <u>\$ 324,580</u>                     | <u>\$ 865,965</u>   | <u>\$ 1,190,545</u> |

In connection with the protest, the taxpayer has filed a lawsuit seeking to have its property excluded from taxation by the District. The Court has ruled in favor of the District; however, the matter is currently on appeal. Accordingly, no revenue has been recognized in connection with matter. Revenue will be recognized in the future if the District prevails in the appeals process.

#### **NOTE 12 - LEASES**

The District's facilities are being constructed on 163 acres that the State of Louisiana has leased to the City of Pineville. Under the terms of its cooperative endeavor with the City of Pineville, the District has access to the property for a period of 50 years beginning January 1, 2003. In addition, the District has an option to renew the sublease for an additional 40 years. In exchange for access to the property, the District is required to spend \$6,300,000 on improvements and make improvements available to residents of Pinecrest Development Center.

**Ward 9 Recreation District****Rapides Parish, Louisiana****Statement of Revenue, Expenditures and Changes in  
Fund Balance - General Fund Budget and Actual  
For the Year Ended December 31, 2006**

|  | <u>Budget Amounts</u> |                   | <u>Actual</u>     | <u>Variance with</u> |
|--|-----------------------|-------------------|-------------------|----------------------|
|  | <u>Original</u>       | <u>Final</u>      | <u>Amounts</u>    | <u>Final Budget</u>  |
|  |                       |                   |                   | <u>Positive</u>      |
|  |                       |                   |                   | <u>(Negative)</u>    |
| <b><u>Revenues:</u></b>                                      |                       |                   |                   |                      |
| Property Taxes   | \$ 250,000            | \$ 250,000        | \$ 268,356        | \$ 18,356            |
| Grants - State of Louisiana                                  | -                     | 150,000           | 150,000           | -                    |
| Investment Income  | -                     | -                 | 5,907             | 5,907                |
| Other  | -                     | 15,000            | 21,623            | 6,623                |
| <b>Total revenues</b>  | <u>250,000</u>        | <u>415,000</u>    | <u>445,886</u>    | <u>30,886</u>        |
| <b><u>Expenditures:</u></b>                                  |                       |                   |                   |                      |
| Culture and Recreation:                                      |                       |                   |                   |                      |
| Salaries, Wages and Benefits                                 | 130,000               | 130,000           | 122,464           | 7,536                |
| Insurance  | 30,000                | 30,000            | 10,860            | 19,140               |
| Legal and Professional                                       | 10,000                | 10,000            | 13,448            | (3,448)              |
| Utilities  | 60,000                | 60,000            | 26,658            | 33,342               |
| Maintenance  | 15,000                | 15,000            | 79,903            | (64,903)             |
| Other  | 5,000                 | 5,000             | 1,221             | 3,779                |
| Capital Expenditures   | -                     | 150,000           | 97,822            | 52,178               |
| <b>Total expenditures</b>                                    | <u>250,000</u>        | <u>400,000</u>    | <u>352,376</u>    | <u>47,624</u>        |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | -                     | 15,000            | 93,510            | 78,510               |
| <b><u>Other Financing Sources (Uses):</u></b>                |                       |                   |                   |                      |
| Operating Transfers In (Out)                                 | -                     | -                 | 22,432            | 22,432               |
| <b>Net Change in Fund Balances</b>                           | -                     | 15,000            | 115,942           | 100,942              |
| <b>Fund balance - beginning of year</b>                      | <u>283,619</u>        | <u>283,619</u>    | <u>283,619</u>    | <u>-</u>             |
| <b>Fund balance - end of year</b>                            | <u>\$ 283,619</u>     | <u>\$ 298,619</u> | <u>\$ 399,561</u> | <u>\$ 100,942</u>    |

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

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June 18, 2007

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARD*

To the Board of Commissioners  
Ward 9 Recreation District

We have audited the basic financial statements of the Ward 9 Recreation District, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Ward 9 Recreation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Recreation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Recreation District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Recreation District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Recreation District's financial statements that is more than inconsequential will not be prevented or detected by the Recreation District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### COMPLIANCE

As part of obtaining reasonable assurance about whether the Ward 9 Recreation District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective

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***Ward 9 Recreation District***

***June 8, 2007***

***Page 2***

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of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **WARD 9 RECREATION DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COST** **For the Year Ended December 31, 2005**

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditors' Report on the basic financial statements of the Ward 9 Recreation District as of December 31, 2006 and for the year then ended expressed an unqualified opinion.
- The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit disclosed an instance of noncompliance that is considered to be material to the basic financial statements of the Ward 9 Recreation District.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- NA

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- N/A

# **WARD 9 RECREATION DISTRICT**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**For the Year Ended December 31, 2005**

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|  |                |
|--|----------------|
| <b>SECTION I</b><br><b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b> |                |
| No findings of this nature were reported.  | Response – N/A |
| <b>SECTION II</b><br><b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>           |                |
| No findings that are material to the financial statements were reported.                         | Response – N/A |
| <b>SECTION III</b><br><b>MANAGEMENT LETTER</b>   |                |
| No management letter was issued with this report.  | Response – N/A |

# **WARD 9 RECREATION DISTRICT**

## ***SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COST For the Year Ended December 31, 2005***

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|  |                |
|--|----------------|
| <b>SECTION I<br/>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL<br/>STATEMENTS.</b> |                |
| No findings of this nature were reported.  | Response – N/A |
| <b>SECTION II<br/>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>               |                |
| No findings of this nature were reported.  | Response – N/A |
| <b>SECTION III<br/>MANAGEMENT LETTER</b>   |                |
| No management letter was issued with this report.  | Response – N/A |